

## LNF & IHCIF Calculations Illustration

### - QUARTZ VALLEY in California area -

#### Given Data

- 105 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 90% = % Expenditures on purchased services, 10% = % expenditures in-house
- 103.6% = Cost index for purchasing health care in this geographic area
- 135.7% = Size cost index for in-house costs due to small or large size
- 95.9% = California area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$2,780 per person for purchased services =  $90\% * 103.6\% * \$2,980$
- \$404 per person for in-house services =  $10\% * 135.7\% * \$2,980$
- \$3,184 per person total = \$2,780 (purchase) + \$404 (in-house)
- **\$3,054 per person total** adjusted for health status =  $\$3,184 * 95.9\%$
- **\$2,309 per person net cost** =  $\$3,054 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 105 users excluding wrap-around and collections)

- \$1,411 per person = local IHS allowance (excludes \$ for wrap-around)
- \$222 per person = expenditures elsewhere in California area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,687 per person for OU users** =  $\$1,411 + \$222 + \$54$

#### LNF Calculation

- **55.2% Gross LNF** =  $\$1,687$  (expenditures) /  $\$3,054$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **73.0% Net LNF** =  $\$1,687 / \$2,309$  net cost ( $\$3,054 - \$745$  other)

#### IHCIF Allocation

- \$0 = \$ to raise LNF% from 73.0% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$0 Allocation** = \$0 needed for 60% \* 3.488% IHCIF fraction

#### QUARTZ VALLEY Unmet Needs

- **\$242,496 Net Total Need** = 105 users \* \$2,309 net cost
- **\$65,409 Net Unmet Need** =  $(100\% - 73.0\% \text{ LNF}) * 105 \text{ users} * \$2,309 \text{ net cost}$